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EDITOR'S PICK

## Residents express hope and concern for proposed slag-processing plant

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An early outline of the slag processing plant that Premier Industries is building along Mill Creek Highway begins to take shape. General contractor FX Solutions Inc--owned by former Premier principal Rick Tabi site preparation work at the site. Plans include a main plant of 60,100 square feet, along with a warehouse maintenance shop, and parking lot with 142 parking stalls.

Photo provided

Premier Industries' proposed slag processing plant in Anaconda is expected to generate locally an annual tax revenue of \$225 million, project spokesperson Rick Tabish told residents at a meeting Wednesday night.

But the audience's excitement for the project was mixed with caution, as some came armed with hard questions — and they were anxious for answers.

Since news of the facility broke in January 2016, Tabish, general contractor and public face for the project, has said that the facility should bring around 700 jobs to the town, population 9,000. The facility will turn Anaconda slag into a material used for fracking oil and natural gas.

The potential of a large-scale facility means a lot to the people of Anaconda, who for decades have wanted to see jobs return to a community that was once supported by a robust smelting-based economy.

Tabish told The Montana Standard in mid-October that he has a goal of opening the facility around April or March next year.

Bob Kelly, consultant and company spokesperson for Premier, has said previously that the facility will open with one or two furnaces, supporting a workforce of about 60. At full capacity, plans for the facility call for 60

furnaces supported by a workforce of 700, including safety personnel, truck drivers, furnace operators, management, and other positions, though a timeline for a fully functioning facility hasn't been set.

Considering this, it's no surprise that residents came to Wednesday night's meeting wanting to know about jobs.

One person asked where Premier plans to acquire its workers.

"This is awesome," the woman said. "But one of the things I've heard around town is that you're bringing in other people (and that) you're going to have company housing. Where are we going to get these employees? Are we assured that it's going to be Anaconda, or are we bringing them up from other places?"

Tabish assured the audience that Anaconda would be at the top of the list when it comes to recruiting employees. He said that Premier plans to hold career fairs and has been working with the Anaconda Job Service, which closed in September due to cuts in federal funding.

"The buck starts in Anaconda," said Tabish, echoing an earlier statement he made last week during a tour of Premier's new pilot testing site in Butte. At that time, The Standard asked whether a general contractor would be hired to operate and staff the facility. Tabish said Premier would not be outsourcing operations to a contractor.

"I made the pledge to Anaconda and I reinforced it numerous times," Tabish continued Wednesday. "We're really, really pro-Anaconda for employees."

Premier, meanwhile, has already collected resumes from at least some Anaconda residents.

A July article in Anaconda's local newspaper — which reported that Tabish and his company FX Solutions Inc. had begun site preparation on the facility — concluded with a call for resumes.

One resident who submitted a resume wanted to know when he would hear back.

“I have kept everybody's resumes. I've kept everybody's applications,” said Victoria Buckendorf, controller at FX Solutions. “We will have a job fair. You guys will be contacted and you'll be the first people that we interview.”

Residents also said they hoped the slag-processing facility would keep more young people in Anaconda, and others expressed support for the project.

“I just want to say thank you for your enthusiasm about Anaconda,” said one woman. Several attendees clapped.

But the room had its critics.

Residents who live along Mill Creek Highway said they were concerned about traffic and noise, while others asked questions about Premier's prospects for success. They wanted to know if the company has acquired any buyers and if it had contracts to supply them proppant.

Tabish said Premier at this juncture would not disclose potential buyers, citing company privacy. However, he added “we're not doing this for an exercise. We feel we've got a superior product that, as fast as we can make it, it will sell.”

The quality of Premier's proppant is a message that Tabish has iterated before.

Last week, he said he feels Premier's proppant is “the best in the world,” that it can withstand an optimal amount of pressure and has less friction and better flow, a quality that the industry calls “conductivity.”

Those qualities, he said, are backed up by Montana Tech researchers, who Premier has partnered with to test product quality and come with a formula for turning a piles of slag into proppant and pig iron. The pig iron alone, Tabish said by phone Thursday, would be enough to make the company profitable.

But according to one expert in the petroleum industry, the market for proppant is lukewarm at best.

Alan Olson, executive director of Montana Petroleum Association, said that the success of manufacturing and selling proppant in the oil industry “boils down to what is the cost.”

He said if oil was selling for \$80 to \$90 a barrel, then oil companies “would start looking at it.”

But, oil is hovering around \$50 to \$54 a barrel.

Olson anticipates oil prices to rise to \$60 to \$65 a barrel within the next few years.

Historically, frack sand is strip-mined and is easily accessible, he said. With fracking activity down, the cost of frack sand is “cheap,” he said.

Fracking jobs that used to cost \$1.5 million during boom times, now cost around \$600,000 to \$700,000.

“If they’ve got a good product, there’s most likely going to be a niche for it,” Olson said. “But it’s a tough market to get into.”

Premier’s proppant is premium, and will likely cost more than the cheaper frack sand version.

Tabish didn’t seem phased by Olson’s take on the industry. He reiterated his message: quality is what will sell the product.

Premier can sell its product for between \$250 to \$350 per ton during “depressed markets,” Tabish said, and the quality of Premier’s proppant can get fracking companies better yields and more longevity out of their wells before having to re-frack them.

“Conductivity is everything in this business,” he said. “And that’s the sale right there.”

-- Reporter Susan Dunlap contributed to this story.

#### MORE INFORMATION





Anaconda's slag expected to bring a few jobs to Butte this week, many to Anaconda next year

- Anaconda planning board recommends approval of major development permit for slag processing plant
- Site preparation work begins for Anaconda slag processing plant
- Proposed slag processing plant in Anaconda moving forward
- Anaconda slag processing plant traffic a possible concern
- Leap of faith: Anaconda commission OKs lease for slag processing plant

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